

BURLINGTON PUBLIC WORKS

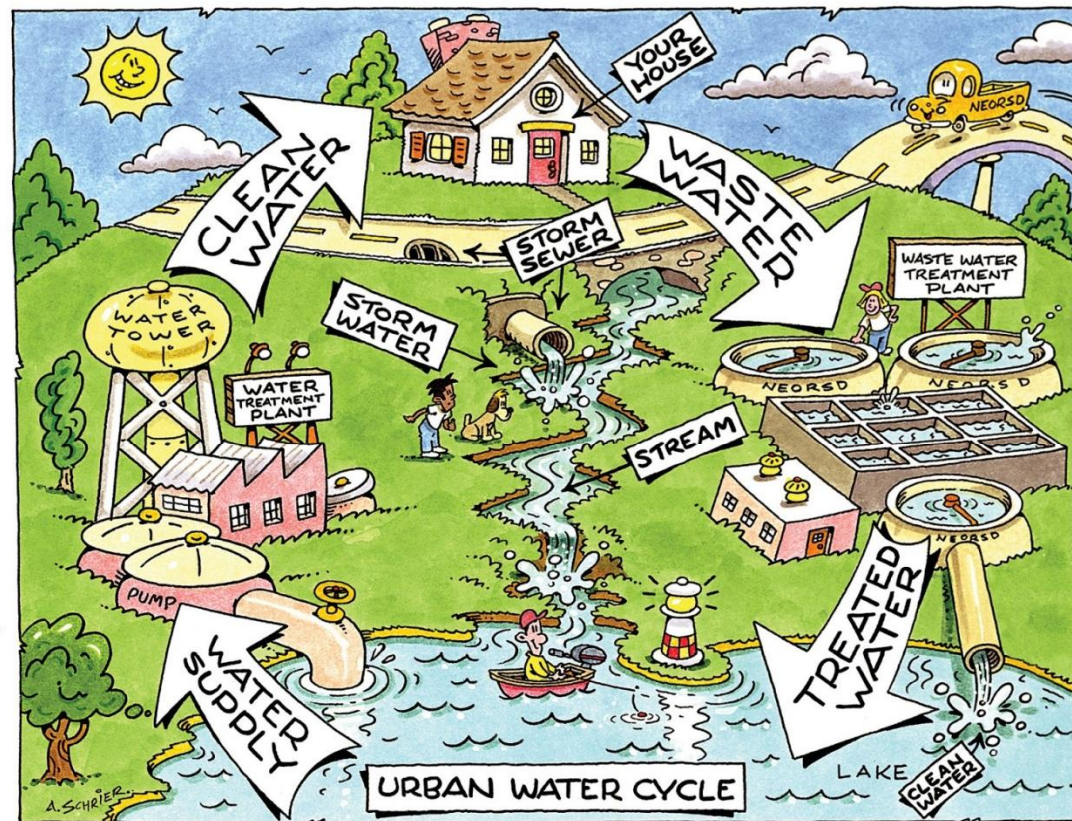
*FY 2018 PROPOSED
BUDGETS*

*Water
Wastewater
Stormwater*



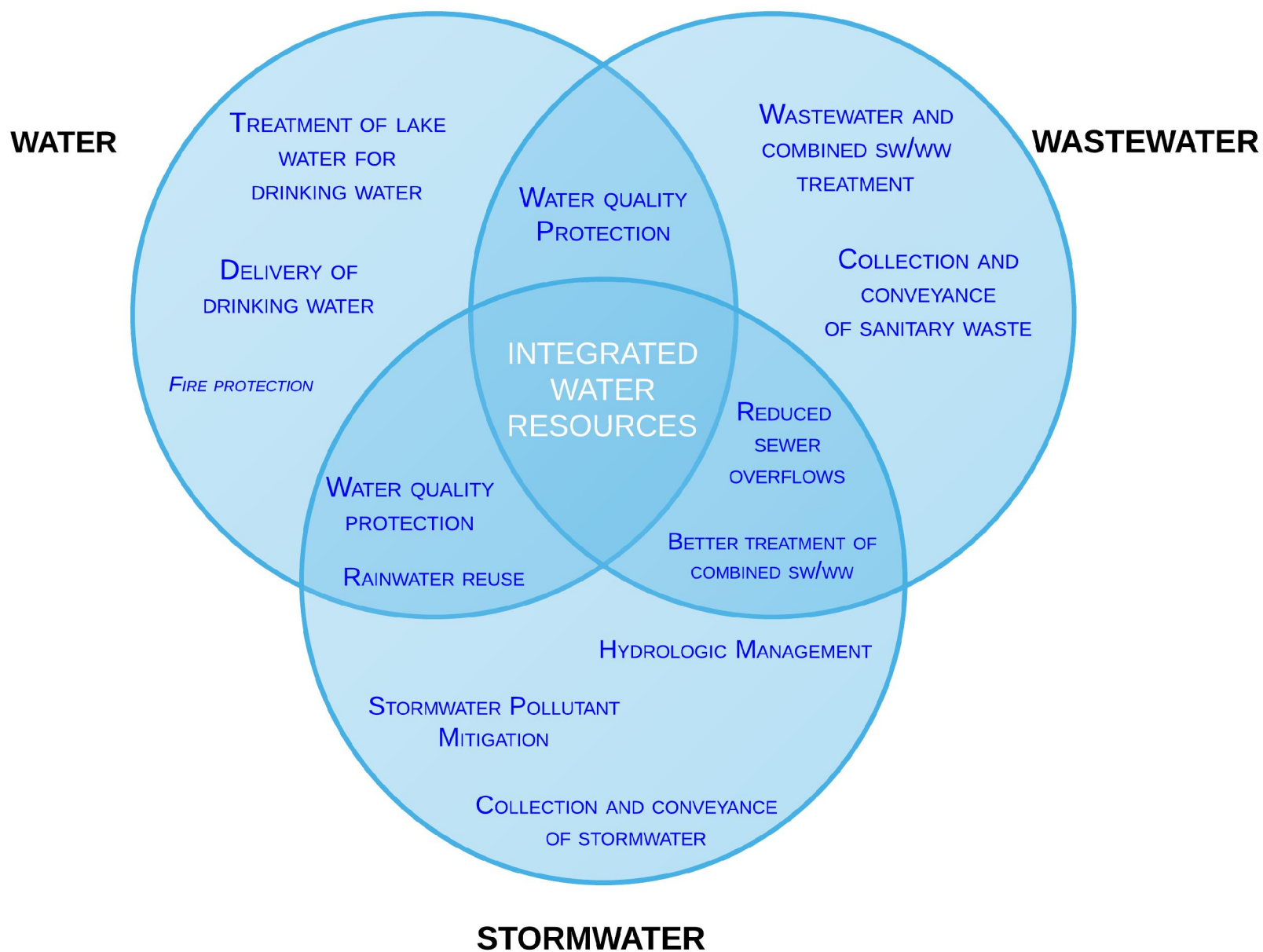
DPW MISSION STATEMENT

- We steward Burlington's infrastructure and environment by delivering efficient, effective and equitable public services.



PRESENTED BY THE NORTHEAST OHIO REGIONAL SEWER DISTRICT

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Water Resources

Providing clean water and fire protection services through:

- Water Supply
 - Treatment of water from Lake Champlain for drinking water
 - Distribution of water to homes, businesses and fire hydrants
 - Maintenance of water distribution system including valves, water mains & services, fire hydrants, elevated storage tanks and reservoirs
- Wastewater (Sanitary)
 - Treatment of sewage from homes and business before discharge to the Winooski River and Lake Champlain
 - Treatment of combined stormwater/wastewater to maximum extent practicable before discharge
 - Maintenance of collection system, three treatment plants, 25 pump stations
- Stormwater Management
 - Collection of stormwater runoff in combined and separate storm sewers
 - Regulatory review of increases in impervious surface or earth disturbances to mitigate (Chapter 26)
 - Watershed Planning and Retrofit design to mitigate stormwater runoff volumes and treat pollutants before discharge to waterways

Water Resources, by the Numbers

- 1 water plant
- 110 miles of water mains
- 3 Wastewater Treatment Plants
- 49 miles of sanitary sewer
- 45 miles of combined sanitary / storm sewer
- 37 miles of storm sewer
- 25 pump stations
- 102 storm water outfalls
- 2,000+ catch basins
- 900 fire hydrants
- 2 post-closure landfills
- 1 methane powered generating station

FY17 Water Resources Work



Water Quality Panel



Water Main Lining



Filter Gallery Valve Replacement



Cleaning of water intake screen



Polymer Pump



Clarifier blanket detector



Grant St. SW Infiltration system

Wastewater Vector



High Level FY'18 Budget Goals:

- Sufficient resources to maintain smooth water, wastewater and stormwater operations and strong regulatory compliance
- Expand distribution water capital reinvestment levels to reduce water main breaks, tap water discoloration and unplanned water service disruptions; maintain other water capital reinvestment to address deferred maintenance, maintain regulatory compliance and produce high quality tap water.
- Maintain wastewater and stormwater capital investments to catch up on deferred maintenance, maintain regulatory compliance and protect water quality
- Address electrical safety issues
- Meet debt service requirements for \$3.25 M FY17 Water borrowing and maximize health of Water Fund to enhance Moody's A1 rating.
- Balance staffing with infrastructure related workload to increase project delivery capacity
- Update Water Resources organizational structure to reflect current day operations and needs
- Leverage reasonably healthy cash balances in Wastewater and Stormwater to fund one time expenses and spread out overall water resource utility rate increase over FY18 and FY19

Water Resources FY'18 Budgets:



Stormwater				
	FY 16 Budget	FY 17 Budget	FY18 Budget	Change from FY17
Revenues	\$1,347,818	\$1,595,751	\$1,584,222	(\$11,529)
Expenses	\$1,330,878	\$1,844,638	\$1,605,638	(\$239,000)
Net to Reserve	\$16,940	(\$248,887)	(\$21,416)	
Wastewater				
	FY 16 Budget	FY 17 Budget	FY 18 Budget	Change from FY17
Revenues	\$8,035,048	\$7,889,750	\$7,825,160	(\$64,590)
Expenses	\$7,737,637	\$8,062,168	\$8,040,988	(\$21,180)
Net to Reserve	\$297,411	(\$172,418)	(\$215,828)	
Water				
	FY 16 Budget	FY 17 Budget	FY 18 Budget	Change from FY 17
Revenues	\$6,545,746	\$6,509,265	\$6,678,702	\$169,437
Expenses	\$6,479,743	\$7,027,297	\$6,684,661	(\$342,660)
Net to Reserve	\$66,003	(\$136,194)	(\$5,959)	

FY18 Budget deficits addressed through use of cash reserve

Fund	Estimated Cash at FY17 End	Estimated Cash at FY18 End	O&M Days Cash on Hand at FY18 End
Stormwater	\$ 357,531	\$ 354,115	137
Wastewater	\$2,547,957	\$ 2,332,129	146
Water	\$ 1,688,675	\$ 1,682,717	120




Key Drivers (revenue side)



- Additional consumption due to growth in the City:
 - Using conservative increases for W and WW based on previous years + anticipated projects coming on line in FY18
- 4.9% increase in Water wholesale (sold to Colchester Fire District #2) rate (\$1.01 to \$1.06/100 cf)
- Implement modest “off-cycle” water meter reading charge to recover staff costs
 - \$30 fee for final meter readings required as part of property sales
 - Examples of fee for same service in other Vermont communities: Winooski (\$35), Rutland (\$35), St. Albans (\$32.25), Shelburne (\$25), South Burlington (\$12), CWD (\$10)

Key Drivers (expense side)



- Water Debt Service á W: (\$239K) 
- Change in Franchise Fee accounting:
 - City Charter (27-122) requires that Water and Wastewater utilities collect a 3.5% Franchise Fee on retail sales for payment to the General Fund
 - Previously this was listed as an expense within the operating budget (e.g. FY17 Franchise Fee “expense” line = \$202k for W and \$266k for WW) and was “captured” within the rate
 - As of FY18 customers will be explicitly charged the 3.5% on the water/sewer bills similar to BED bills and fee “accounted” for as a liability outside annual budget
- Additional Water Resources Engineer (limited service) to support increase in capital reinvestment workload:
 - Utilize capital funds to cover increase in salary expense
- Water Resource Reorganization and Reclassifications:
 - Salary lines á WW (\$15k); á W: (\$1.6k) á SW (\$3.2k)
 - Wastewater structure reorganization
 - Convert vacant WW Chief position (one of two Chief positions) to establish one Wastewater Facilities Manager over all of Wastewater
 - Convert one plant operator position Senior Plant Operator position at Main Plant
 - Job Description Update and Reclassification
 - Utility Billing Administrator à Utility Financial and Customer Service Manager
 - Stormwater/GIS Technician à Water Resources Asset Manager



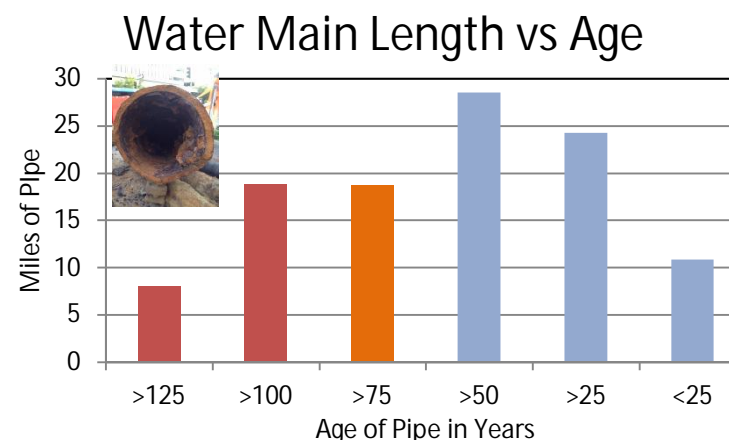
Water Distribution Reinvestment



- Bond – 88% YES 🌟
- \$3.25M Series 2017

Rehabilitation through relining	# of miles
Pine St (Lakeside to Howard) - 1894 pipe	2.74
Pine Street (Lakeside to Howard) 1980 pipe	
Pine St (Maple to Main)	
South Cove (ALL)	
Austin Dr (Red Rocks to Home)	
Crescent Rd – (All)	
Dunder (All)	
St Paul (Main to Maple)	

Open Dig Replacement	
Ethan Allen Parkway (Lopes to Sandy)	1.42
Ethan Allen Parkway (Sandy to Farrington)	
Ethan Allen Parkway (Farrington to James)	
Colchester Ave (Nash to Barret)	
Curtis Ave (ALL)	
Latham Ct	
Ferguson Ave (Pine-SHELBURNE)	
Maple St (Battery to Pine)	



- FY18 Debt Service*
 - Estimated \$239k
- Rate impact
 - \$0.167/100 cf

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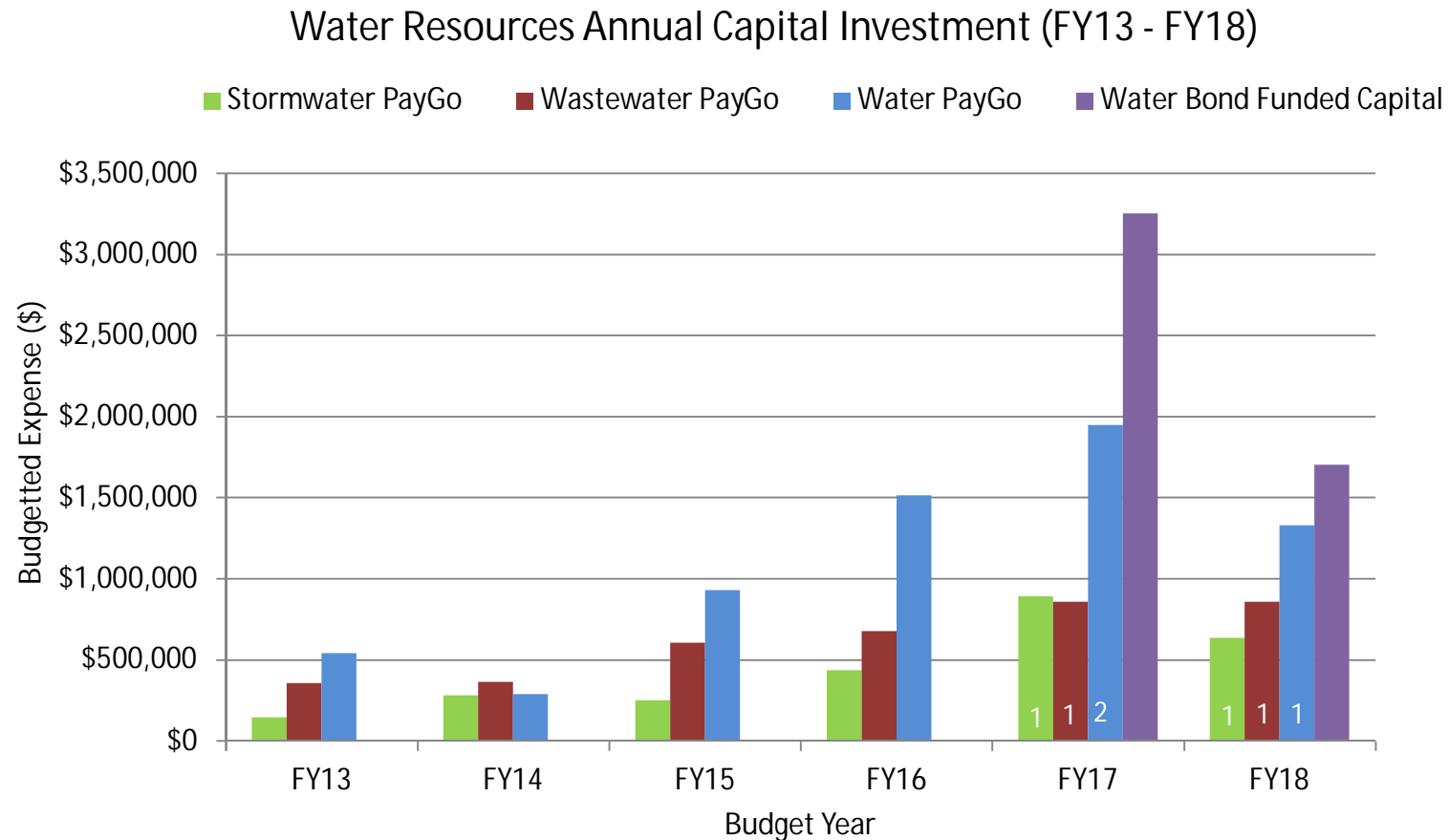
Key Drivers (expense side) cont'd



- WW plant testing fees (addt'l testing req's in new State Permit): á WW \$9,760
- Increases in WW Repair and Maintenance: á WW \$35K
- Electrical Maintenance & Arc Flash Assessments (safety need): á WW \$63K á W \$45k
- Increased health insurance costs: á WW \$50k; á W \$48k; á SW \$6k
- Property Insurance: á W \$11.7k
- Workers Comp: á WW \$14k; á W: \$3.7k
- Cost allocations from General Fund
 - Indirect: á WW \$26k; á W \$22k; â SW -\$1.5k
 - DPW Cost allocation: á WW \$23k; á W: \$10.6k; â SW -\$5k
- Payment in Lieu of Taxes: WW: á \$141k ; â W -\$44k; SW: á \$8k

Key Drivers (expense side) cont'd.

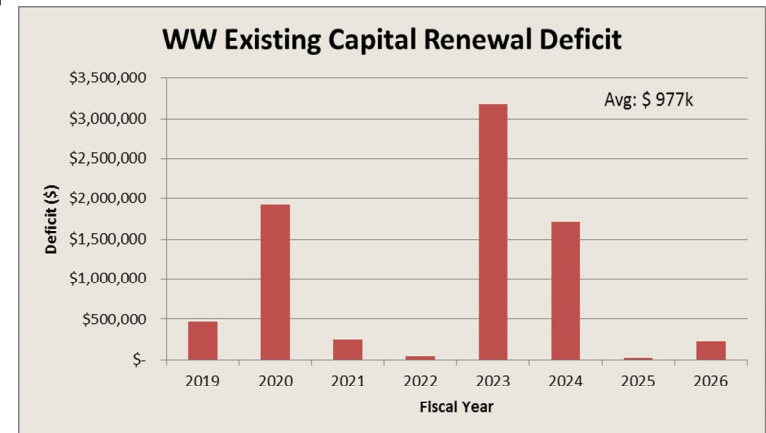
- Continued of focus on capital



Looking ahead to FY 19 and beyond

Opportunities and Challenges

- Water Debt
 - Important to maintain or increase Moody's A1 rating
 - Maintain 1.25 Debt Coverage Ratio
- Future Water Resources Borrowing
 - Water:
 - Water Bond authorization will only replace/rehabilitate ~8-10 miles of our 110 mile distribution system
 - Redstone Storage tank maintenance (~\$500k) due in FY2021; UVM tank maintenance (\$1M) in FY27
 - Wastewater:
 - Potential capital deficits for replacement of existing process
 - Lake Champlain TMDL possible plant upgrades
 - Biosolids management
 - Stormwater
 - Lake Champlain TMDL impervious retrofits
 - Combined Sewer Overflow Management
 - Outfall Repair
- Asset Management Investment
 - Continuing asset management planning
 - In FY18, along with General Fund, develop specifications for bid for Computerized Maintenance Management System
 - FY19 implementation for Water Resources



Looking ahead to FY 19 and beyond

Opportunities and Challenges

- Revenue Income Changes in Customer Base and usage
 - Revenue base for W, WW and SW expected to go up FY19 – FY21
 - Increased usage from development will ideally temper “conservation” trends typical with water/wastewater utilities over long term
 - Losing South Burlington “Hadley” road customers starting Q3 FY2019 (\$220k/year)
 - May lose some/all septage and sludge hauling customers due to need to conserve Phosphorus under new TMDL Phosphorus effluent limitations
- Financial Planning: development of long range financial planning model
 - Integrate
 - Operations & Maintenance cost escalation
 - Changes in customer usage
 - Capital plan costs
 - Debt Service
 - Track cash flow, reserves, debt coverage ratios, days of cash on hand
 - Estimate rate projections to meet revenue requirements
 - Will also integrated rate impact of combined water, wastewater, stormwater utilities
- Financial Capability Assessment (as part of Integrated Planning)
 - Inform compliance schedules for Lake Champlain TMDL
 - Inform need to develop income sensitive assistance programs

Proposed FY 18 Water Resources Rates

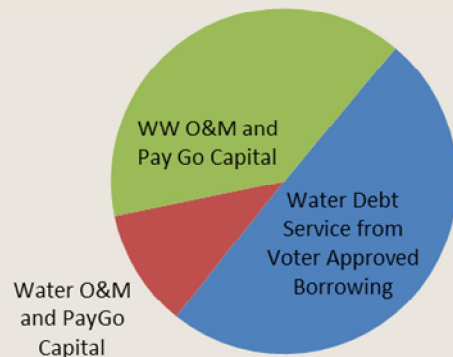
Utility	FY 2017			FY 2018					
	Existing FY17 Rate	Monthly Cost for Average Home Owner	Annual Cost for the Average Home Owner	Proposed FY18 Rate	Monthly Increase for Home Owner	Monthly Cost for the Average Home Owner	Annual Increase for Home Owner	Annual Cost for the Average Home Owner	% Increase
Stormwater	\$6.60 per month for residential units	\$6.60	\$79.20	\$6.60 per month for residential units	\$0.00	\$6.60	\$0.00	\$79.20	
Wastewater	\$5.55 per 100 cubic feet (\$0.188 Franchise Fee included)	\$41.89	\$502.66	\$5.49 + \$0.192 Franchise Fee = \$5.68/100 cf	\$1.00 ¹	42.89 ¹	\$11.97 ¹	\$514.63 ¹	
Water	\$4.05 per 100 cubic feet (\$0.137 Franchise Fee included)	\$30.57	\$366.81	\$4.11 + \$0.144 Franchise Fee = \$4.25 /100 cf	\$1.54 ¹ (\$1.26 is due to \$3.25M Bond)	32.11 ¹	\$18.46 ¹	\$385.27 ¹	
Total Utility		\$79.06	\$948.67		\$2.54	\$81.59	\$30.43	\$979.10	3.21%

Note 1: costs include 3.5% franchise fee surcharge

FY18	Net Annual Budget	O&M Days Cash on Hand
Stormwater	\$ (21,416.00)	137
Wastewater	\$ (215,828.00)	146
Water	\$ (5,958.00)	120

Without Voter Approved Borrowing, required overall rate increase would be 1.7%

Components of FY18 Proposed Rate Increase



Projected FY 19-20 Rates

FY 2019						FY 2020					
Proposed FY19 Rate	Monthly Increase for Home Owner	Monthly Cost for the Average Home Owner	Annual Increase for Home Owner	Annual Cost for the Average Home Owner	% Increase	Proposed FY20 Rate	Monthly Increase for Home Owner	Monthly Cost for the Average Home Owner	Annual Increase for Home Owner	Annual Cost for the Average Home Owner	% Increase
\$6.77 per month for residential units	\$0.17	\$6.77	\$2.04	\$81.24		\$6.88 per month for residential units	\$0.11	\$6.88	\$1.32	\$82.56	
\$5.77 + \$0.202 Franchise Fee = \$5.97/100 cf	\$2.19 ¹	\$45.07 ¹	\$26.25 ¹	\$540.88 ¹		\$5.89 + \$0.206 Franchise Fee = \$6.10/100 cf	\$0.94 ¹	\$46.01 ¹	\$11.25 ¹	\$552.13 ¹	
\$4.14 + \$0.145 Franchise Fee = 4.28/ 100 cf	\$0.23 ¹ (\$0.09 is due to \$1.7M 2018 Bond)	\$32.34 ¹	\$2.81 ¹	\$388.08 ¹		\$4.26 + \$0.149 Franchise Fee = \$4.41/100 cf	\$0.94 ¹ (\$0.09 is due to \$1.7M 2018 Bond)	\$33.28 ¹	\$11.25 ¹	\$399.33 ¹	
	\$2.59	\$84.18	\$31.10	\$1,010.20	3.18%		\$1.99	\$86.17	\$23.82	\$1,034.02	2.36%

Note 1: costs include 3.5% franchise fee surcharge

FY19	Net Annual Budget	O&M Days Cash on Hand
Stormwater	\$ 162.00	134
Wastewater	\$ 5.00	143
Water	\$ 14,421.00	121

FY20	Net Annual Budget	O&M Days Cash on Hand
Stormwater	\$ 506.00	130
Wastewater	\$ 1,734.00	139
Water	\$ 18,664.00	119



Summary

S Request approval of FY 18 rates

Utility	FY 2018					
	Proposed FY18 Rate	Monthly Increase for Home Owner	Monthly Cost for the Average Home Owner	Annual Increase for Home Owner	Annual Cost for the Average Home Owner	% Increase
Stormwater	\$2.47 per ISU (\$6.60 per month for single family homes)	\$0.00	\$6.60	\$0.00	\$79.20	
Wastewater	\$5.49/100 cf	\$1.00 ¹	\$42.89 ¹	\$11.97 ¹	\$514.63 ¹	
Water	\$4.11/100 cf	\$1.54 ¹	\$32.11 ¹	\$18.46 ¹	\$385.27 ¹	
Total Utility		\$2.54	\$81.59	\$30.43	\$979.10	3.21%

Note 1: costs include 3.5% franchise fee surcharge

Questions ?

